

IDENTIFICATION OF THE CRITICAL SUCCESS FACTORS FOR RELOCATION OF INDUSTRIAL PLANT, THE CASE OF LUBRICANT PLANT IN SRI LANKA

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Abstract

The best optimum location for industry or manufacturing plant is a highly debated issue in industrial location theory. In literature of industrial location, there are many theories, frameworks and techniques available for the selection of optimum location. But when it comes to practice there are many issues and factors that have to be taken into account which are not in the domain of the traditional industrial location theory. Generally in literature, the most important primary and secondary factors for industry or plant location/relocation listed as economic, financial, social, environmental, legal, regulatory, incentives, taxes, transport, energy, communication, human resources, raw materials, market, regions factor endowments and speciality, law and order, etc.

In this context, this study will analyze the case of Sri Lankan Lubricant Plant relocation by using Factor Rating Model with Weighted Score Method to find out how far these factors are critical in plant relocation and their relative significance. The main objectives of this study: an identification of the most critical success factors for relocation of industrial plants, ascertain the optimum plant location to maximize benefit to the company and finally to find strategies and guide lines for effective plant relocation. Primary data collection for this study is mainly done with interviewing (sample 75 people) all the key stakeholders of Lubricant industry, including pressure groups (civil society and NGOs), and recently relocated other similar types of plants as this is a relocation rather location of a new plant. Special emphasis is given to collect data from top to middle management in various functional areas, trade unions and different levels of employees at the Lubricant Plant itself. After completion of literature survey and consultation with industry experts, twelve critical success factors and possible eight optimum locations have identified. The main outcome of this study is ranking of these eight locations according to the selected twelve critical locational factors and finally presenting options for the management to decide which location to select according to their preferences.

Furthermore, this study can be used as guidelines for any similar type of plants relocation. The main policy message of this study is that before relocation of any industrial plant stakeholder consultation and awareness about the repercussions of relocation among the present employees and trade unions are very necessary for any sustainable plant relocation. Therefore, management has to frame proper strategies and means to convince stakeholders including employees and trade unions well in advance about the realities of relocation.

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Abbreviations

CEB	Ceylon Electricity Board
CGL	Chevron Global Lubricants
CIP	Central Industrial Park Project
CLLL	Caltex Lubricants Lanka Limited
CPC	Ceylon Petroleum Cooperation
FDI	Foreign Direct Investment
FTA	Free Trade Agreements
GM	General Mortars
IOC	Indian Oil Corporation
LP	Linear Programming
LP	Linear Programming
MOU	Memorandum Of Understanding
NAFTA	North American Free Trade Agreement
NEPA	National Environmental Policy Act
OEMS	Original Equipment Manufactures
PERC	Public Enterprise Reform Commission Of Sri Lanka
R&D	Research And Development
RTA	Regional Trade Agreements
SLR	Sri Lanka Railway
SPA	Sri Lanka Ports Authority
USA	United States Of America